

SCHOOL DISTRICT
OF
STILLWATER TOWNSHIP

Stillwater Township School District
Board of Education
Stillwater, Sussex County
New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2017

Comprehensive Annual

Financial Report

of the

Stillwater Township School District

Board of Education

Stillwater, New Jersey

For the Fiscal Year Ending June 30, 2017

Prepared by

Stillwater Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

STILLWATER TOWNSHIP BOARD OF EDUCATION

P.O. BOX 12
904 STILLWATER ROAD
STILLWATER, NEW JERSEY 07875



TEL: (973) 383-8954 / FAX: (973) 383-1895

September 30, 2017

The Honorable President and Members
of the Board of Education
Stillwater Township School District
County of Sussex, NJ

Dear Board Members:

The comprehensive annual financial report of the Stillwater Township School District (District) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit in accordance with U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments", and New Jersey's State Treasury Circular Letter 15-08-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the Auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Stillwater Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB, Statement No. 14. All funds and account groups of the District are included in this report. The Stillwater Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 6. These include regular, special education for the disabled youngsters, and gifted and talented education. The District completed the 2016/2017 fiscal year with an average enrollment of 289 students, which has been a decrease in enrollment from previous years. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2016-17	289	(-9.1%)
2015-16	318	(-8.9%)
2014-15	350	(2.0%)
2013-14	343	(-3.3%)
2012-13	355	(-2.7%)

2) ECONOMIC CONDITION AND OUTLOOK: Stillwater Township continues to see little change in the economic character of the community. The rural nature of the municipality will be preserved by the current zoning ordinances. The school population should remain fairly consistent over the next year, but is not projected to increase in the near future. Unfortunately with the current economic conditions and lack of increase in state aid, the local taxpayers are affected as the school district tries to maintain the finest educational programs, while still maintaining a responsible fiscal base.

3) MAJOR INITIATIVES: Stillwater School District undertook facility & security improvements during the 2016-2017 fiscal year. New 1941 outside doors, partial drainage project, bathroom upgrades in the 1956 section, new phone and voicemail system, and new gutters in the 1941 section were completed.

Also, this year, 3 new Chromebook carts and 120 Chromebooks were purchased making grades two through six one to one. Science and English-Language Arts curriculums were written this year with funds dedicated to that effort. In-service opportunities were provided for staff in this and other disciplines as well and on preparations for the PARCC testing. Results of those assessments will be forthcoming this fall.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reserves of fund balance at June 30, 2017.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements, Note 1."

7) DEBT ADMINISTRATION: At June 30, 2017, the District's outstanding debt issues included \$0 of the safe schools loan. All debt for the district has been retired.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements, Note 2" The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the ACT.

9) RISK MANAGEMENT: The Board carried various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP was appointed by the Stillwater Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of a Federal Single Audit under Uniform Guidance and New Jersey's Circular Letter 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Stillwater Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

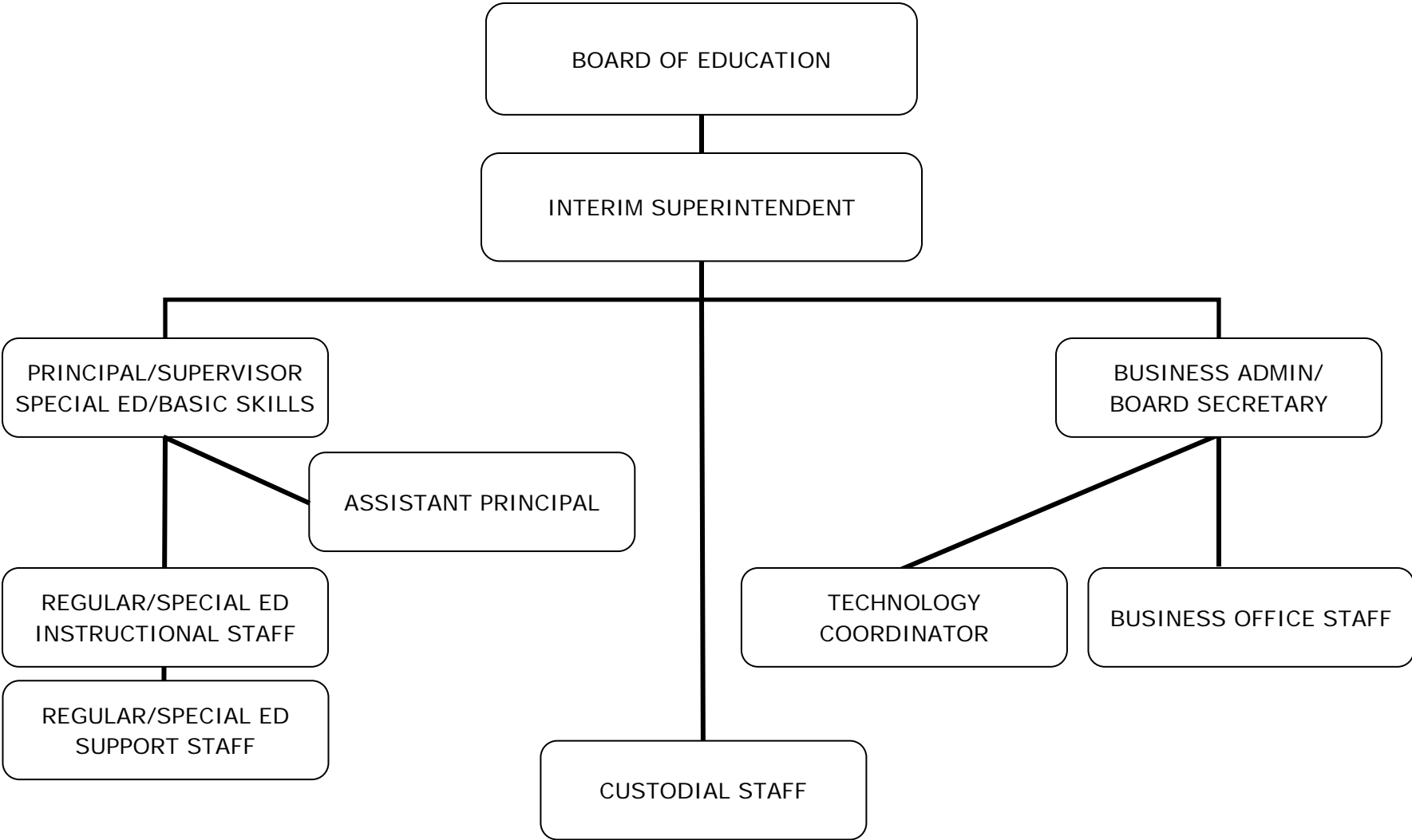


Matthew Robinson, Superintendent



René Metzgar, Business Administrator/Board Secretary

STILLWATER TOWNSHIP BOARD OF EDUCATION



**STILLWATER TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Shannon Nothstine, <i>President</i>	2018
Christina Santore, <i>Vice-President</i>	2019
Dennis DeGroat	2017
Krista Galante	2017
Michael Grace	2017
Danielle LoCascio	2017
Joanne Saul	2019
Kathleen Svendsen	2018
Martin Theys	2018
<u>Other Officials</u>	
Matthew Robinson, <i>Superintendent</i>	
René Metzgar, <i>Board Secretary/School Business Administrator</i>	
Kathleen Kane, <i>Treasurer of School Monies</i>	

**STILLWATER TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

Audit Firm

Ardito & Co., LLP
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192

Attorney

Sciarrillo Cornell, Merlino, McKeever & Osborne, LLC
238 St Paul Street
Westfield, New Jersey 07090

Official Depository

Lakeland Bank
Stillwater Branch
Route 94
Newton, New Jersey 07860

Valley National Bank
410 Route 94
Newton, New Jersey 07860

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Stillwater Township School District
County of Sussex
Newton, New Jersey 07860

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Stillwater Township School District Board of Education, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Stillwater Township School District Board of Education, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stillwater Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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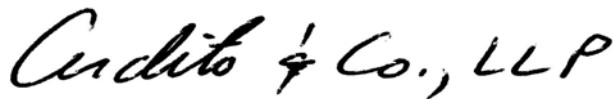
The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated September 30, 2017, on our consideration of the Stillwater Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
September 30, 2017



Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

The discussion and analysis of Stillwater Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ◆ In total, Net Position increased \$116,298 which represents a 4.5% increase from 2016.
- ◆ General revenues accounted for \$4,148,879 in revenue or 47.9% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,504,580 or 52.1% of total revenues of \$8,653,459.
- ◆ Total assets of governmental activities increased by \$336,232, as cash and cash equivalents increased by \$203,558, receivables increased by \$16,673, and capital assets decreased by \$47,896.
- ◆ The School District had \$8,537,161 in expenses; only \$4,504,580 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,148,879 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$6,910,474 in revenues and \$6,659,202 in expenditures. The General Fund's surplus balance increased \$251,272 over 2016, which compares favorably to the budgeted decrease of \$607,453.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Stillwater Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Stillwater Township School District, the General Fund is by far the most significant fund.

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 26. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for 2017 compared to 2016.

	<u>2017</u>	<u>2016</u>
Table 1 Net Position		
Assets		
Current and Other Assets	\$ 2,027,659	\$ 1,643,531
Capital Assets	<u>2,171,034</u>	<u>2,218,930</u>
Total Assets	<u>4,198,693</u>	<u>3,862,461</u>
Deferred Outflows of Resources	<u>568,438</u>	<u>249,893</u>
Liabilities		
Long-Term Liabilities	1,900,848	1,451,150
Other Liabilities	<u>54,298</u>	<u>78,448</u>
Total Liabilities	<u>1,955,146</u>	<u>1,529,598</u>
Deferred Inflows of Resources	<u>87,930</u>	<u>134,924</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,171,034	2,218,930
Restricted	1,872,348	1,612,948
Unrestricted	<u>(1,319,327)</u>	<u>(1,224,121)</u>
Total Net Position	<u>\$ 2,724,055</u>	<u>\$ 2,607,757</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Total assets of governmental activities increased by \$336,232, as cash and cash equivalents increased by \$203,558, receivables increased by \$16,673, and capital assets decreased by \$47,896.

The cash increase was mainly due operational efficiency towards budget, net of capital addition spending, and the increase in capital assets was due to capital outlay (fund 12) spending for window replacement, A/C units and other various equipment acquisitions.

Table 2 shows the changes in Net Position from fiscal year 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 219,579	\$ 253,365
Operating Grants and Contributions	4,285,001	3,405,453
General Revenues:		
Property Taxes	4,113,212	4,043,035
Federal & State Aid on Capital Asset Projects		
Investment Earnings	4,539	3,958
Other	<u>31,128</u>	<u>43,332</u>
Total Revenues	<u>8,653,459</u>	<u>7,749,143</u>
Program Expenses		
Instruction	5,357,904	4,490,258
Support Services:		
Tuition		
Pupils and Instructional Staff	1,000,265	907,722
General Administration, School Administration, Business	884,547	803,282
Operations and Maintenance of Facilities	789,065	659,861
Pupil Transportation	316,376	304,332
Business-Type Activities	111,357	128,499
Interest and Fiscal Charges	<u>77,647</u>	<u>89,342</u>
Total Expenses	<u>8,537,161</u>	<u>7,383,296</u>
Increase in Net Position	<u>\$ 116,298</u>	<u>\$ 365,847</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 47.5% percent of revenues for governmental activities for the Stillwater Township School District for the fiscal year 2017.

Instruction comprises 62.8% of district expenses. Support services expenses make up 35.0% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	\$ 5,357,904	\$ 2,452,844	\$ 4,490,258	\$ 2,174,355
Support Services:				
Tuition	-	-	-	-
Pupils and Instructional Staff	1,000,265	482,631	907,722	476,896
General Admin., School Admin., Business	884,547	450,081	803,282	442,023
Operation and Maintenance of Facilities	789,065	401,498	659,861	362,448
Pupil Transportation	316,376	160,981	304,332	167,150
Business-Type Activities	111,357	6,899	128,499	12,264
Interest and Fiscal Charges	<u>77,647</u>	<u>77,647</u>	<u>89,342</u>	<u>89,342</u>
Total Expenses	<u>\$ 8,537,161</u>	<u>\$ 4,032,581</u>	<u>\$ 7,383,296</u>	<u>\$ 3,724,478</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 45.8% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 50.0%. The community, as a whole, is the primary support for the Stillwater Township School District.

The School District's Funds

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$7,083,489 and expenditures of \$6,832,217. The General Fund's surplus balance increased \$251,272 over 2016, which compares favorably to the budgeted decrease of \$607,453.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2017 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$6,079,556, \$104,577 over original budgeted estimates of \$5,974,979. This difference was due primarily to increases in tuition based programs.

General fund revenues exceeded expenditures by \$251,616. Again this surplus compares to a budgeted deficit of \$607,453, which was due to the budgeted use of surplus and capital reserve needed to balance the 2016-2017 budget. The budgeted deficit was reduced due revenue increases and cost savings in the areas of instruction, maintenance, and health benefits.

Overall general fund balance (budget basis) was \$2,132,838, and amounts ear-marked and reserved for future purposes were \$1,882,705, creating a surplus in unreserved fund balance of \$250,133. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Capital Assets

At the end of the fiscal year 2017, the School District had \$2,171,034 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	<u>2017</u>	<u>2016</u>
Land	\$ 180,000	\$ 180,000
Land Improvements	54,522	55,844
Buildings and Improvements	1,526,129	1,580,267
Machinery and Equipment	<u>410,383</u>	<u>402,819</u>
 Totals	 <u>\$ 2,171,034</u>	 <u>\$ 2,218,930</u>

Overall capital assets decreased \$47,896 from fiscal year 2016 to fiscal year 2017. The decrease in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$63,088 were purchased during fiscal year 2017.

Debt Administration

At June 30, 2017, the School District had \$101,455 as outstanding long term debt. Of this amount, \$101,455 is for compensated absences.

At June 30, 2017, the School District's overall legal debt margin was \$11,135,595 and the unvoted debt margin was the same.

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

For the Future

The Stillwater Township School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes. It has been increasingly difficult to balance educational needs with increases in property tax rates. This problem seems to be statewide and is not exclusive to the Stillwater Township School District. The Stillwater Township School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

In conclusion, the Stillwater Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact René Metzgar, School Business Administrator/ Board Secretary at Stillwater Township School District, 904 Stillwater Road, Stillwater, NJ, 07875, (973) 383-8954.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$964,035	\$16,450	\$980,485
Receivables, Net	87,584	1,751	89,335
Interfund Receivables	5,569		5,569
Inventory		4,775	4,775
Restricted Assets:			
Capital Reserve Account - Cash	947,495		947,495
Capital Assets, Net (Note 5):	2,171,034		2,171,034
Total Assets	<u>4,175,717</u>	<u>22,976</u>	<u>4,198,693</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>568,438</u>		<u>568,438</u>
LIABILITIES			
Accounts Payable	34,496		34,496
Interfund Payables			
Unearned Revenue	17,894	1,908	19,802
Net Pension Liability (Note 7)	1,799,393		1,799,393
Noncurrent Liabilities (Note 6):			
Due Beyond One Year	101,455		101,455
Total Liabilities	<u>1,953,238</u>	<u>1,908</u>	<u>1,955,146</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>87,930</u>		<u>87,930</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,171,034		2,171,034
Restricted for:			
Other Purposes	1,872,348		1,872,348
Unrestricted	(1,340,395)	21,068	(1,319,327)
Total Net Position	<u>\$2,702,987</u>	<u>\$21,068</u>	<u>\$2,724,055</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 4,207,703	\$ 152,631	\$ 2,187,482	\$ (1,867,590)		\$ (1,867,590)
Special Education	947,512		465,392	(482,120)		(482,120)
Other Special Instruction	202,689		99,555	(103,134)		(103,134)
Support Services:						
Student & Instruction Related Serv.	1,000,265		517,634	(482,631)		(482,631)
School Administrative Services	187,949		92,316	(95,633)		(95,633)
General and Business Admin. Serv.	696,598		342,150	(354,448)		(354,448)
Plant Operations and Maintenance	789,065		387,567	(401,498)		(401,498)
Pupil Transportation	316,376		155,395	(160,981)		(160,981)
Other Fiscal Charges	1,790		-	(1,790)		(1,790)
Unallocated Depreciation	75,857		-	(75,857)		(75,857)
Total Governmental Activities	8,425,804	152,631	4,247,491	(4,025,682)		(4,025,682)
Business-Type Activities:						
Food Service	111,357	\$ 66,948	37,510		\$ (6,899)	(6,899)
Total Business-Type Activities	111,357	66,948	37,510		(6,899)	(6,899)
Total Primary Government	\$ 8,537,161	\$ 219,579	\$ 4,285,001	\$ (4,025,682)	\$ (6,899)	\$ (4,032,581)
General Revenues:						
Taxes:						
Property Taxes. Levied for General Purposes, Net			\$ 4,113,212			\$ 4,113,212
Investment Earnings			4,486	\$ 53		4,539
Miscellaneous Revenues			27,201	3,927		31,128
Total General Revenues, Special Items, Extraor. Items			4,144,899	3,980		4,148,879
Change in Net Position			119,217	(2,919)		116,298
Net Position—Beginning (As Restated)			2,583,770	23,987		2,607,757
Net Position—Ending			\$ 2,702,987	\$ 21,068		\$ 2,724,055

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 1,911,530		\$ 1,911,530
Receivables from Other Governments	10,288	\$ 62,695	72,983
Accounts Receivable, Net	14,601		14,601
Interfund Receivables	57,026		57,026
TOTAL ASSETS	\$ 1,993,445	\$ 62,695	\$ 2,056,140
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 34,496		\$ 34,496
Interfund Payable		\$ 51,457	51,457
Deferred Revenue	6,656	11,238	17,894
Total Liabilities	41,152	62,695	103,847
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	947,495		947,495
Excess Surplus	391,465		391,465
Excess Surplus - Designated for Subsequent Year's Expenditures	533,388		533,388
<u>Assigned to:</u>			
Year-End Encumbrances	10,357	-	10,357
<u>Unassigned:</u>			
General Fund - Unreserved, Undesignated	69,588	-	69,588
Total Fund Balances	1,952,293	-	1,952,293
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,993,445	\$ 62,695	\$ 2,056,140

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,751,839 and the accumulated depreciation is \$3,580,805.

\$ 2,171,034

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)

568,438

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)

(87,930)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(1,799,393)

Long-term liabilities, such as bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

(101,455)

Net Position of governmental activities

\$ 2,702,987

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Tax Levy	\$ 4,113,212		\$ 4,113,212
Tuition	152,631		152,631
Interest on Capital Reserve	889		889
Miscellaneous	4,888	\$ 25,910	30,798
Total - Local Sources	4,271,620	25,910	4,297,530
State Sources	2,638,854		2,638,854
Federal Sources		147,105	147,105
Total Revenues	6,910,474	173,015	7,083,489
EXPENDITURES			
Current:			
Regular Instruction	1,973,251	146,684	2,119,935
Special Education Instruction	529,948		529,948
Other Special Instruction	113,365		113,365
Support services and undistributed costs:			
Student and Instruction Related Services	533,122	26,331	559,453
School Administrative Services	105,121		105,121
Other Administrative Services	386,917		386,917
Plant Operations and Maintenance	440,039		440,039
Pupil Transportation	316,376		316,376
Unallocated Benefits	1,914,009		1,914,009
Transfer to Charter School	79,866		79,866
Debt Service:			
Principal			
Interest and Other Charges			
Capital Outlay	267,188		267,188
Total Expenditures	6,659,202	173,015	6,832,217
Excess (Deficiency) of Revenues Over Expenditures	251,272		251,272
Net Change in Fund Balances	251,272		251,272
Fund Balance—July 1	1,701,021		1,701,021
Fund Balance—June 30	\$ 1,952,293		\$ 1,952,293

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 251,272

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (110,984)	
Capital Outlays	<u>63,088</u>	(47,896)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(100,784)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

16,625

Change in Net Position of Governmental Activities

\$ 119,217

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 16,450	\$ 16,450
Accounts Receivable - State and Federal Subsidies	1,751	1,751
Inventories	4,775	4,775
Total Current Assets	<u>22,976</u>	<u>22,976</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	104,814	104,814
Less Accumulated Depreciation	<u>(104,814)</u>	<u>(104,814)</u>
Total Noncurrent Assets		
	<u>22,976</u>	<u>22,976</u>
LIABILITIES		
Current liabilities:		
Deferred Revenue	1,908	1,908
Total Liabilities	<u>1,908</u>	<u>1,908</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt		
Unrestricted	21,068	21,068
Total Net Position	<u>\$ 21,068</u>	<u>\$ 21,068</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 63,535	\$ 63,535
Daily Sales - Non- Reimb. Programs	3,413	3,413
Miscellaneous	3,980	3,980
Total Operating Revenues	70,928	70,928
Operating Expenses:		
Cost of Sales - Reimbursable Programs	46,733	46,733
Cost of Sales - Non-reimbursable Programs	4,910	4,910
Salaries and Wages	33,273	33,273
Employee Benefits	7,771	7,771
Other Purchased Professional Services	7,759	7,759
Miscellaneous	2,698	2,698
Supplies, Repairs, and Other Costs	8,213	8,213
Depreciation		
Total Operating Expenses	111,357	111,357
Operating Income (Loss)	(40,429)	(40,429)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,050	1,050
Federal Sources:		
National School Lunch Program	28,133	28,133
Food Distribution Program	8,327	8,327
Total Nonoperating Revenues (Expenses)	37,510	37,510
Income (Loss) Before Contributions and Transfers	(2,919)	(2,919)
Change in Net Position	(2,919)	(2,919)
Total Net Position—Beginning	23,987	23,987
Total Net Position—Ending	\$ 21,068	\$ 21,068

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 72,731	\$ 72,731
Payments to Employees	(33,273)	(33,273)
Payments for Employee Benefits	(7,771)	(7,771)
Payments to Suppliers	(62,945)	(62,945)
Net Cash Provided by (used for) Operating Activities	(31,258)	(31,258)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,048	1,048
Federal Sources	28,105	28,105
Other Operating Items	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	29,153	29,153
Net Increase (Decrease) in Cash and Cash Equivalents	(2,105)	(2,105)
Balances—Beginning of Year	18,555	18,555
Balances—End of Year	16,450	16,450
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	(40,429)	(40,429)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	-	-
Federal Commodities	8,327	8,327
(Increase) Decrease in Accounts Receivable, Net	1,777	1,777
(Increase) Decrease in Inventories	(933)	(933)
Increase (Decrease) in Accounts Payable	-	-
Total Adjustments	9,171	9,171
Net Cash Provided by (used for) Operating Activities	\$ (31,258)	\$ (31,258)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2017

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 93,684	\$ 12,734
	<u>93,684</u>	<u>12,734</u>
Total Assets	<u>\$ 93,684</u>	<u>\$ 12,734</u>
LIABILITIES		
Payable to Student Groups	-	\$ 6,926
Payroll Deductions and Withholdings		4
Health Reimbursement Account		235
Interfund Payable		<u>5,569</u>
	<u>-</u>	<u>12,734</u>
Total Liabilities	<u>-</u>	<u>\$ 12,734</u>
NET POSITION		
		<u>-</u>
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 93,684</u>	<u>-</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2017

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	-
Plan Member	\$ 9,125
Total Contributions	<u>9,125</u>
Investment Earnings:	
Interest	<u>181</u>
Net Investment Earnings	<u>181</u>
Total Additions	<u>9,306</u>
DEDUCTIONS	
Quarterly Contribution Reports	<u>6,769</u>
Total Deductions	<u>6,769</u>
Change in Net Position	2,537
Net Position—Beginning of the Year	<u>91,147</u>
Net Position—End of the Year	<u><u>\$ 93,684</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

Notes to Financial Statements

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Stillwater Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided for the most significant change in financial reporting in over twenty years and was phased-in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2016.

A. Reporting Entity:

The Stillwater Township School District is a Type II district located in the County of Sussex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Stillwater Township School District had an approximate enrollment at June 30, 2017, of 289 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

D. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2017, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Capital Reserve	\$947,495		\$947,495
Checking	980,485	\$106,418	1,086,903
	<u>\$1,927,980</u>	<u>\$106,418</u>	<u>\$2,034,398</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$2,034,398 and the bank balance was \$2,140,505. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$500,000 was covered by federal depository insurances and \$1,640,505 was covered by collateral pool.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Investments:

Pursuant to the Enabling Act, the funds of the district may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the district may approve.

In order to maximize liquidity, the district utilizes the New Jersey Cash Management Fund ("NJCMF") as its sole investments. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty.

The district had no investment balance as of June 30, 2017.

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The district does not have a policy for custodial credit risk.

Credit Risk: The district does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The district does not have a policy to limit interest rate risk. The average maturity of the district's investments is less than one year.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3: RECEIVABLES

Receivables at June 30, 2017, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	10,288	\$10,355
Federal Aid	\$62,695	64,379
Local-Tuition, etc	14,601	14,601
Gross Receivable	<u>\$87,584</u>	<u>\$89,335</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$87,584</u></u>	<u><u>\$89,335</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food	\$1,676
Supplies	<u>3,099</u>
	<u><u>\$4,775</u></u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land	\$ 180,000			\$ 180,000
Land Improvements	301,472	\$ 5,131		306,603
Buildings and Building Improvements	4,252,484			4,252,484
Machinery and Equipment	954,795	57,957		1,012,752
Total at Historical Cost	<u>5,688,751</u>	<u>63,088</u>	-	<u>5,751,839</u>
Less Accumulated Depreciation for:				
Land Improvements	(245,628)	(6,453)		(252,081)
Building and Improvements	(2,672,217)	(54,138)		(2,726,355)
Equipment	(551,976)	(50,393)		(602,369)
Total Accumulated Depreciation	<u>(3,469,821)</u>	<u>(110,984)</u>		<u>(3,580,805)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>2,218,930</u>	<u>(47,896)</u>		<u>2,171,034</u>
Government Activity Capital Assets, Net	<u><u>\$ 2,218,930</u></u>	<u><u>\$ (47,896)</u></u>		<u><u>\$ 2,171,034</u></u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 5: CAPITAL ASSETS (Continued)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 31,144
School Administration	2,694
Plant and Operations	1,289
Unallocated	<u>75,857</u>
Total	<u>\$ 110,984</u>

NOTE 6: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	Balance			Balance	Amounts
	<u>7/1/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/17</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$118,080		(\$16,625)	\$101,455	
Total Other Liabilities	<u>\$5,001,142</u>	<u>-</u>	<u>(\$16,625)</u>	<u>\$101,455</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2017.

The district had no bonds authorized but not issued as of June, 30, 2017.

The district had no capital lease liabilities as of June, 30, 2017.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$23,983,633 as measured on June 30, 2016 and \$19,731,234 as measured on June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,802,036 and revenue of \$1,802,036 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$7,521,378,257	\$17,440,003,201
Collective deferred inflows of resources	\$554,399,005	\$195,027,919
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,204,270,305	\$78,666,367,052
State's portion of the net pension liability that was associated with the district	\$19,731,234	\$23,983,633
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.031218%	0.030488%

Actuarial assumptions - The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return:	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$1,799,393 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the District's proportion was 0.00608% which was an increase of 0.00014% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$155,678. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 33,463	-
Changes of assumptions	372,738	
Net difference between projected and actual earnings on pension plan investments	68,612	
Changes in proportion and differences between District contributions and proportionate share of contributions	39,294	\$ 87,930
District contributions subsequent to the measurement date	54,331	
Total	<u>\$ 568,438</u>	<u>\$ 87,930</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

\$54,331 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>	
	2017	\$95,950
	2018	95,950
	2019	111,161
	2020	93,392
	2021	<u>29,724</u>
	Total	<u>\$426,177</u>
	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$3,578,755,666	\$8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability (Non State - Local Group)	\$22,447,996,119	\$29,617,131,759
District's portion of net pension liability	\$1,333,070	\$1,799,393
District's proportion %	0.00593848%	0.00607551%

Actuarial assumptions. The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation:	3.08%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds I Absolute	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount rate. The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate. The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(2.98%)</u>	<u>(3.98%)</u>	<u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ 2,204,946	\$ 1,799,393	\$ 1,464,574

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member’s final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2017	\$55,875	100 %	-0-
6/30/2016	\$53,407	100	-0-
6/30/2015	\$50,488	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2017	\$340,504	100 %	-0-
6/30/2016	\$244,097	100	-0-
6/30/2015	\$168,777	100	-0-

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

During the fiscal year ended June 30, 2017, the State of New Jersey did contribute \$623,774 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$208,024 during the year ended June 30, 2017, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide any post-employment benefits other than pension.

NOTE 9: DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable
Financial Planning

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the proprietary fund types.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$181	\$9,125	\$6,769	\$93,684
2015-2016	\$182	\$5,894	7,342	\$91,147
2014-2015	\$187	\$5,928	6,739	\$92,413

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LITIGATION

In the normal course of operations, the Board is involved in various civil disputes. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,952,293 General Fund fund balance at June 30, 2017, \$10,357 is reserved for encumbrances; \$924,853 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended; (\$533,388 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018), \$947,495 has been reserved in the Capital Reserve Account; and, \$69,588 is unreserved and undesignated.

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Stillwater Board of Education by inclusion in the FY 2000-2001 budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 744,365
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/19/2017	475,000
Budgeted Withdrawals	(272,758)
Interest Earnings	888
Ending Balance, June 30, 2017	<u>\$ 947,495</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$391,465.

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 57,026	\$ -
Payroll Agency Trust		5,569
Enterprise Fund		
Special Revenue Fund		51,457
Total	\$ 57,026	\$ 57,026

The special revenue fund owes the general fund for cash advances in anticipation of federal grant receipts.

NOTE 17: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

NOTE 18: RETROACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period:

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2017. The appraisal revealed asset activity that that should be recorded as of June 30, 2016. Accordingly, a restatement of Net Position as of June 30, 2016 was necessary.

<u>Governmental Activities Net Position:</u>	
Net Position (per A-1), June 30, 2016	\$ 2,423,845
Restatement of Capital Assets	159,925
Net Position (per A-1), June 30, 2017, as Restated	\$ 2,583,770

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,113,212		\$ 4,113,212	\$ 4,113,212	
Tuition	52,000		52,000	152,631	\$ 100,631
Interest on Capital Reserve	500	\$ 389	889	889	
Miscellaneous	2,000		2,000	4,888	2,888
Total - Local Sources	4,167,712	389	4,168,101	4,271,620	103,519
State Sources:					
Equalization Aid	1,031,570		1,031,570	1,031,570	
Transportation Aid	151,123		151,123	151,123	
Special Education Aid	198,760		198,760	198,760	
Security Aid	32,939		32,939	32,939	
Adjustment Aid	384,085		384,085	384,085	
PARCC Readiness Aid	2,950		2,950	2,950	
Per Pupil Growth Aid	2,950		2,950	2,950	
Professional Learning Commun.	2,890		2,890	2,890	
Non-Public Transportation Aid				133	133
TPAF Pension Contrib. (On-Behalf - Non-Budgeted)				339,968	339,968
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				283,270	283,270
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				536	536
TPAF Social Security (Reimbursed - Non-Budgeted)				208,024	208,024
Total State Sources	1,807,267		1,807,267	2,639,198	831,931
TOTAL REVENUES	\$ 5,974,979	\$ 389	\$ 5,975,368	\$ 6,910,818	\$ 935,450

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	294,538	(10,105)	284,433	216,961	67,472
Grades 1-5 - Salaries of Teachers	1,320,536	(10,431)	1,310,105	1,295,895	14,210
Grades 6-8 - Salaries of Teachers	324,561		324,561	311,413	13,148
Home Instr Regular Salaries		289	289	289	
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	15,000	24,204	39,204	39,204	
Purchased Technical Services	21,500	(10,686)	10,814	10,576	238
General Supplies	100,864	5,929	106,793	98,535	8,258
Textbooks	2,152		2,152		2,152
Other Objects	450	44	494	378	116
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,079,601	(756)	2,078,845	1,973,251	105,594
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	34,025	2,975	37,000	36,775	225
Other Salaries for Instruction	9,675	(8,338)	1,337		1,337
LLD Supply	115	395	510	508	2
Total Learning and/or Language Disabilities	43,815	(4,968)	38,847	37,283	1,564
Behavioral Disabilities:					
Salaries of Teachers	59,564		59,564	59,239	325
Other Salaries for Instruction	14,731	5,444	20,175	20,175	
General Supplies	500	(176)	324	224	100
Total Behavioral Disabilities	74,795	5,268	80,063	79,638	425
Resource Room/Resource Center:					
Salaries of Teachers	318,393	(25,623)	292,770	263,998	28,772
General Supplies	1,400		1,400	860	540
Total Resource Room/Resource Center	319,793	(25,623)	294,170	264,858	29,312

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part Time:					
Salaries of Teachers	107,424	(40,540)	66,884	66,434	450
Other Salaries for Instruction	36,123	(17,101)	19,022	10,910	8,112
General Supplies	950		950	356	594
Total Preschool Disabilities - Part Time	144,497	(57,641)	86,856	77,700	9,156
Preschool Disabilities - Full Time:					
Salaries of Teachers		70,153	70,153	70,090	63
General Supplies		379	379	379	
Total Preschool Disabilities - Part Time		70,532	70,532	70,469	63
Home Instruction:					
Salaries of Teachers	500		500		500
Total Home Instruction	500		500		500
TOTAL SPECIAL EDUCATION - INSTRUCTION	583,400	(12,432)	570,968	529,948	41,020
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	57,624	12,432	70,056	70,056	
General Supplies	225		225	216	9
Total Basic Skills/Remedial - Instruction	57,849	12,432	70,281	70,272	9
School-Sponsored Co/Extra-Curr. Activities-Instruction:					
Salaries	26,074		26,074	22,933	3,141
Purchased Services (300-500 Series)	850		850	520	330
General Supplies	3,000		3,000	352	2,648
Total School-Sponsored Co/Extra-Curr. Act.-Instruction	29,924		29,924	23,805	6,119
Summer School:					
Salaries	21,420		21,420	19,040	2,380
General Supplies	1,000		1,000	248	752
Total Summer School	22,420		22,420	19,288	3,132
TOTAL INSTRUCTION	2,773,194	(756)	2,772,438	2,616,564	155,874

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Attendance and Social Work:					
Salaries	31,960	1,606	33,566	33,566	
Total Attendance and Social Work	31,960	1,606	33,566	33,566	
Health Services:					
Salaries	88,005		88,005	84,505	3,500
Purchased Professional and Technical Services	3,610	(999)	2,611	1,688	923
Supplies and Materials	2,000	924	2,924	2,924	
Other Objects	310		310	110	200
Total Health Services	93,925	(75)	93,850	89,227	4,623
Other Supp. Services Students-Related Services:					
Salaries	63,609		63,609	63,609	
Purchased Professional - Educational Services	7,000		7,000	1,320	5,680
Supplies and Materials	575		575	181	394
Total Other Supp. Services Students-Related Services	71,184		71,184	65,110	6,074
Other Supp. Services Students-Extra Services:					
Salaries	54,832		54,832	18,656	36,176
Total Other Supp. Services Students-Extra Services	54,832		54,832	18,656	36,176
Other Supp. Services Students-Regular:					
Purchased Professional and Technical Services	1,800	(717)	1,083	451	632
Supplies and Materials		267	267	267	
Total Other Supp. Services Students-Regular	1,800	(450)	1,350	718	632
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	141,562	(5,880)	135,682	135,681	1
Salaries of Secretarial and Clerical Assistants	41,000		41,000	41,000	
Purchased Professional - Educational Services	19,900	5,675	25,575	24,982	593
Other Purchased Services (400-500 series)	300		300	213	87
Supplies and Materials	3,000	(1)	2,999	2,928	71
Other Objects	1,050		1,050	150	900
Total Other Supp. Services Students-Special	206,812	(206)	206,606	204,954	1,652

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Salaries of Secretarial and Clerical Assistants	21,861	(4,101)	17,760	17,760	
Purchased Professional - Educational Services	7,000	(1,134)	5,866	3,924	1,942
Supplies and Materials		2,435	2,435	1,663	772
Total Improvement of Instruction Services	28,861	(2,800)	26,061	23,347	2,714
Educational Media Services/School Library:					
Salaries	63,609		63,609	62,973	636
Salaries of Technology Coordinators	32,000	(5,116)	26,884	19,967	6,917
Purchased Services (300-500 Series)	2,694	(699)	1,995	1,995	
Supplies and Materials	4,425	5,615	10,040	9,334	706
Total Educational Media Services/School Library	102,728	(200)	102,528	94,269	8,259
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	8,800		8,800	3,275	5,525
Total Instructional Staff Training Services	8,800		8,800	3,275	5,525
Supp. Services - General Administration:					
Salaries	139,362	13,336	152,698	152,698	
Legal Services	13,000		13,000	3,812	9,188
Audit Fees	11,670		11,670	11,670	
Architectual/Engineering		5,800	5,800	2,775	3,025
Other Purchased Professional Services	9,803	(1,988)	7,815	6,075	1,740
Communications/Telephone	12,280		12,280	10,954	1,326
Board of Ed. Other Purchased Services	2,580		2,580	1,343	1,237
Other Purchased Services (400-500 series)	30,663	(4,344)	26,319	18,145	8,174
General Supplies	3,500	644	4,144	4,144	
BOE In-House Training/Meeting Supplies					
Miscellaneous Expenditures	7,610	(500)	7,110	4,007	3,103
Board of Ed. Dues and Fees	5,444	(198)	5,246	4,794	452
Total Supp. Services - General Administration	235,912	12,750	248,662	220,417	28,245

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	87,638	(10,835)	76,803	74,084	2,719
Salaries of Secretarial and Clerical Assistants	15,825	485	16,310	16,310	
Purchased Professional and Technical Services	8,500		8,500	6,480	2,020
Other Purchased Services (400-500 series)	500		500		500
Supplies and Materials	3,500	3,000	6,500	6,353	147
Other Objects	3,390		3,390	1,894	1,496
Total Support Services - School Administration	119,353	(7,350)	112,003	105,121	6,882
Central Services:					
Salaries	130,353	(1,300)	129,053	129,051	2
Purchased Professional Services	15,520	2,027	17,547	17,547	
Miscellaneous Purchased Services (400-500 series)	2,170	(717)	1,453	1,287	166
Supplies and Materials	3,500	3,850	7,350	7,149	201
Other Objects	2,070	316	2,386	2,386	
Total Central Services	153,613	4,176	157,789	157,420	369
Administrative Information Technology:					
Purch Tech Svcs	24,600	(4,626)	19,974	4,497	15,477
Supplies and Materials	1,000	3,583	4,583	4,583	
Total Administrative Information Technology	25,600	(1,043)	24,557	9,080	15,477
Required Maintenance for School Facilities:					
Salaries	88,940	(558)	88,382	65,618	22,764
Cleaning, Repair and Maintenance Services	38,050	1,614	39,664	20,542	19,122
General Supplies	9,000		9,000	8,282	718
Total Required Maintenance for School Facilities	135,990	1,056	137,046	94,442	42,604

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Operations and Maintenance of Plant:					
Salaries	151,288	(1,030)	150,258	127,644	22,614
Purchased Professional and Technical Services	4,800	1,030	5,830	5,464	366
Cleaning, Repair and Maintenance Services	36,820	200	37,020	31,551	5,469
Insurance	34,078	(3,000)	31,078	30,264	814
Maintenance Travel	550		550	124	426
Miscellaneous Purchased Services	3,300		3,300	3,261	39
General Supplies	24,000	3,223	27,223	26,750	473
Energy (Electricity)	66,900		66,900	38,841	28,059
Energy (Oil)	135,000		135,000	55,860	79,140
Other Objects	3,125		3,125	1,110	2,015
Total Other Operations and Maintenance of Plant	459,861	423	460,284	320,869	139,415
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	13,000	(2,544)	10,456	8,629	1,827
Grounds Repair	1,000	2,110	3,110	3,110	
General Supplies	4,500	434	4,934	2,780	2,154
Total Care and Upkeep of Grounds	18,500		18,500	14,519	3,981
School Security:					
Purchased Professional and Technical Services	7,000		7,000	2,752	4,248
Cleaning, Repair and Maintenance Services	5,000		5,000		5,000
General Supplies	8,000	224	8,224	7,457	767
Total School Security	20,000	224	20,224	10,209	10,015
Student Transportation Services					
Sal. For Pupil Trans (Bet Home & Sch)-Reg.	17,444		17,444	7,000	10,444
Management Fee	1,200		1,200	238	962
Contr Serv. - Aid in Lieu Payments	2,652	(884)	1,768		1,768
Contr Serv. - Aid in Lieu Payments - Charter Sch.	3,536	884	4,420	4,420	
Contracted Services (Between Home and School)-Vendors	262,550	(162)	262,388	258,405	3,983
Contracted Services (Other than Between Home and School)-Vendors	19,315	(6,003)	13,312	13,313	(1)
Contracted Services (Between Home and Sch)-Joint Agrmnts.	3,500	(298)	3,202	1,537	1,665
Contracted Services (Special Education Students)-Joint Agrmnts.	25,000	6,463	31,463	31,463	
Total Student Transportation Services	335,197		335,197	316,376	18,821

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Unused Sick Payment to Terminated/Retired Staff	28,875	(3,827)	25,048	10,377	14,671
UNALLOCATED BENEFITS					
Social Security Contributions	74,000		74,000	51,831	22,169
Other Retirement Contributions - Regular	68,340		68,340	55,875	12,465
Workmen's Compensation	36,439		36,439	33,273	3,166
Health Benefits	1,040,521		1,040,521	901,533	138,988
Tuition Reimbursement	15,200		15,200	5,307	9,893
Other Employee Benefits	35,000		35,000	24,015	10,985
TOTAL UNALLOCATED BENEFITS	1,269,500		1,269,500	1,071,834	197,666
On-behalf TPAF pension Contrib. (non-budgeted)				339,968	(339,968)
On-behalf TPAF PRM Contrib. (non-budgeted)				283,270	(283,270)
On-behalf TPAF pension LTD Ins. (non-budgeted)				536	(536)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				208,024	(208,024)
TOTAL ON-BEHALF CONTRIBUTIONS				831,798	(831,798)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	1,298,375	(3,827)	1,294,548	1,914,009	(619,461)
TOTAL UNDISTRIBUTED EXPENDITURES	3,403,303	4,284	3,407,587	3,695,584	(287,997)
TOTAL GENERAL CURRENT EXPENSE	6,176,497	3,528	6,180,025	6,312,148	(132,123)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-School Admin.		5,024	5,024	5,024	
Undistributed Expenditures-Central Sv		6,604	6,604	6,604	
Undistributed Expenditures-Admin. Info Tech.	3,879	2,769	6,648	6,648	
Undistributed Expenditures - Required for Sch. Maintenance	3,000	(209)	2,791		2,791
Total Equipment	6,879	14,188	21,067	18,276	2,791

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Facilities Acquisition and Construction Serv.:					
Other Purchased and Technical Services	50,000		50,000	42,289	7,711
Construction Services	255,000	558	255,558	199,713	55,845
FAC AQU GEN SUP	7,758		7,758	5,120	2,638
Assessment for Debt Service on SDA Funding	1,790		1,790	1,790	
Total Facilities Acquisition and Construction Serv.	314,548	558	315,106	248,912	66,194
TOTAL CAPITAL OUTLAY	321,427	14,746	336,173	267,188	68,985
Transfer of Funds to Charter Schools	84,508		84,508	79,866	4,642
TOTAL EXPENDITURES	6,582,432	18,274	6,600,706	6,659,202	(58,496)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(607,453)	(17,885)	(625,338)	251,616	876,954
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(607,453)	(17,885)	(625,338)	251,616	876,954
Fund Balance, July 1	1,881,222		1,881,222	1,881,222	
Fund Balance, June 30	\$ 1,273,769	\$ (17,885)	\$ 1,255,884	\$ 2,132,838	\$ 876,954

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 947,495	
Excess Surplus				391,465	
Excess Surplus- Designated for Subsequent Year's Expenditures				533,388	
Assigned to:					
Year-End Encumbrances				10,357	
Unassigned:					
Unrestricted Fund Balance				<u>250,133</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				2,132,838	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payments not recognized on GAAP basis				<u>(180,545)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,952,293</u>	

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local		\$ 37,148	\$ 37,148	\$ 31,135	\$ (6,013)
Federal Sources	\$ 129,244	17,861	147,105	147,105	-
Total Revenues	129,244	55,009	184,253	178,240	(6,013)
EXPENDITURES:					
Instruction					
Instructional Salaries	22,493	9,842	32,335	32,335	
Other Salaries for Instruction		30,247	30,247	30,247	
Supplies	85,308	8,932	94,240	88,227	6,013
Other Objects		1,100	1,100	1,100	
Total Instruction	107,801	50,121	157,922	151,909	6,013
Support Services					
Salaries of Other Professional Staff		2,440	2,440	2,440	
Purchased Educational Services	16,000	(2,847)	13,153	13,153	
Other Purchased Services	5,443	5,295	10,738	10,738	
Total Support Services	21,443	4,888	26,331	26,331	
Total Expenditures	129,244	55,009	184,253	178,240	6,013
Total Outflows	\$ 129,244	\$ 55,009	\$ 184,253	\$ 178,240	6,013
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					None
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					None
Fund Balance per Governmental Funds(GAAP Basis)					None

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2017

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 6,910,818	\$ 178,240
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(5,225)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	180,201	
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(180,545)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 6,910,474</u>	<u>\$ 173,015</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 6,659,202	\$ 178,240
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(5,225)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 6,659,202</u>	<u>\$ 173,015</u>

**Stillwater Township School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years ***

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 23,983,633</u>	<u>\$ 19,731,234</u>	<u>\$ 17,061,266</u>	<u>\$ 16,803,237</u>						
Total	<u>\$ 23,983,633</u>	<u>\$ 19,731,234</u>	<u>\$ 17,061,266</u>	<u>\$ 16,803,237</u>						
District's covered employee payroll	\$ 2,932,165	\$ 2,883,647	\$ 3,092,559	\$ 3,221,083						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A						
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%						

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset)	0.006075514%	0.005938480%	0.005802989%	0.006664282%						
District's proportionate share of the net pension liability (asset)	<u>\$ 1,799,393</u>	<u>\$ 1,333,070</u>	<u>\$ 1,086,478</u>	<u>\$ 1,273,677</u>						
District's covered employee payroll	\$ 365,707	\$ 744,751	\$ 655,505	\$ 613,816						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	492.03%	179.00%	165.75%	207.50%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	40.14%	47.92%	52.08%	48.72%						

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Stillwater Township School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years ***

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution **	N/A	N/A	N/A	N/A						
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A						
Contribution deficiency (excess)	N/A	N/A	N/A	N/A						
District's covered employee payroll	\$ 2,932,165	\$ 2,883,647	\$ 3,092,559	\$ 3,221,083						
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A						

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 55,875	\$ 53,407	\$ 50,488	\$ 45,624						
Contributions in relation to the contractually required contribution	<u>(55,875)</u>	<u>(53,407)</u>	<u>(50,488)</u>	<u>(45,624)</u>						
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>						
District's covered employee payroll	\$ 365,707	\$ 744,751	\$ 655,505	\$ 613,816						
Contributions as a percentage of covered-employee payroll	15.28%	7.17%	7.70%	7.43%						

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

STILLWATER SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension Schedules

For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2017

	Title I	Title I I Part A	IDEA Basic	IDEA Preschool	REAP	Local	Totals
REVENUES							
Local						\$ 31,135	\$ 31,135
Federal Sources	\$23,997	\$ 5,936	\$ 78,626	\$ 5,641	\$ 32,905		147,105
TOTAL REVENUES	23,997	5,936	78,626	5,641	32,905	31,135	178,240
EXPENDITURES:							
Instruction:							
Instructional Salaries	15,456		16,879				32,335
Other Salaries for Instruction			27,067	3,180			30,247
Supplies	8,541		14,005	1,641	32,905	31,135	88,227
Other Objects			1,100				1,100
Total Instruction	23,997		59,051	4,821	32,905	31,135	151,909
Support Services:							
Salaries of Other Professional Staff			2,440				2,440
Purchased Educational Services			12,748	405			13,153
Other Purchased Services		5,936	4,387	415			10,738
Total Support Services		5,936	19,575	820			26,331
TOTAL EXPENDITURES	23,997	5,936	78,626	5,641	32,905	31,135	178,240
Total Outflows	23,997	5,936	78,626	5,641	32,905	31,135	178,240
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

N/A

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	AGENCY FUNDS		
		STUDENT ACTIVITY	PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$ 93,684	\$ 6,926	\$ 5,808	\$ 106,418
TOTAL ASSETS	<u>\$ 93,684</u>	<u>\$ 6,926</u>	<u>\$ 5,808</u>	<u>\$ 106,418</u>
LIABILITIES:				
Liabilities:				
Payable to Student Groups		\$ 6,926		\$ 6,926
Payroll Deductions and Withholdings			\$ 4	4
Health Reimbursement Account			235	235
Interfund Payable		-	5,569	5,569
Total Liabilities		<u>6,926</u>	<u>5,808</u>	<u>12,734</u>
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	\$ 93,684			93,684
TOTAL LIABILITIES AND NET POSITION	<u>\$ 93,684</u>	<u>\$ 6,926</u>	<u>\$ 5,808</u>	<u>\$ 106,418</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	TOTALS
ADDITIONS		
Contributions:		
Plan Member	\$ 9,125	\$ 9,125
Total Contributions	<u>9,125</u>	<u>9,125</u>
Investment Earnings:		
Interest	181	181
Net Investment Earnings	<u>181</u>	<u>181</u>
Total Additions	<u>9,306</u>	<u>9,306</u>
DEDUCTIONS		
Claims/Quarterly Contribution Reports	<u>6,769</u>	<u>6,769</u>
Total Deductions	<u>6,769</u>	<u>6,769</u>
Change in Net Position	2,537	2,537
Net Position—Beginning of the Year	<u>91,147</u>	<u>91,147</u>
Net Position—End of the Year	<u>\$ 93,684</u>	<u>\$ 93,684</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2016</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2017</u>
Student Activity Accounts	\$ 5,110		\$ 30,954	\$ 29,138	\$ 6,926
Total	\$ 5,110	-	\$ 30,954	\$ 29,138	\$ 6,926

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE			BALANCE
	<u>July 1, 2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 7,552	\$ 3,938,866	\$ 3,940,610	\$ 5,808
Total Assets	\$ 7,552	\$ 3,938,866	\$ 3,940,610	\$ 5,808
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 3,551	\$ 1,799,473	\$ 1,803,020	\$ 4
Salaries and Wages	-	2,038,129	2,038,129	-
Health Reimbursement Account	1,484	10,245	11,494	235
Summer Pay Plan	-	85,450	85,450	-
Interfund Payable	2,517	5,569	2,517	5,569
Total Liabilities	\$ 7,552	\$ 3,938,866	\$ 3,940,610	\$ 5,808

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

N/A

Stillwater Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	89-94
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	95-98
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	99-102
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	103-104
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	105-109

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

Stillwater Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,682,890	\$ 1,644,211	\$ 1,577,626	\$ 1,518,908	\$ 1,455,534	\$ 1,373,154	\$ 1,555,227	\$ 1,907,174	\$ 2,059,005	\$ 2,171,034
Restricted	399,538	859,052	724,152	667,955	974,828	1,158,794	1,439,787	1,425,388	1,612,948	1,872,348
Unrestricted	(129,798)	(233,237)	(205,715)	(133,042)	(176,444)	(71,826)	(58,338)	(1,281,627)	(1,248,108)	(1,340,395)
Total governmental activities net position	\$ 1,952,630	\$ 2,270,026	\$ 2,096,063	\$ 2,053,821	\$ 2,253,918	\$ 2,460,122	\$ 2,936,676	\$ 2,050,935	\$ 2,423,845	\$ 2,702,987
Business-type activities										
Invested in capital assets, net of related debt	\$ 39,939	\$ 35,082	\$ 36,857	\$ 25,670	\$ 19,569	\$ 13,468	\$ 7,367	\$ 1,267	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	17,421	15,965	31,317	33,797	30,513	30,847	30,431	29,783	23,987	21,068
Total business-type activities net position	\$ 57,360	\$ 51,047	\$ 68,174	\$ 59,467	\$ 50,082	\$ 44,315	\$ 37,798	\$ 31,050	\$ 23,987	\$ 21,068
District-wide										
Invested in capital assets, net of related debt	\$ 1,722,829	\$ 1,679,293	\$ 1,614,483	\$ 1,544,578	\$ 1,475,103	\$ 1,386,622	\$ 1,562,594	\$ 1,908,441	\$ 2,059,005	\$ 2,171,034
Restricted	399,538	859,052	724,152	667,955	974,828	1,158,794	1,439,787	1,425,388	1,612,948	1,872,348
Unrestricted	(112,377)	(217,272)	(174,398)	(99,245)	(145,931)	(40,979)	(27,907)	(1,251,844)	(1,224,121)	(1,319,327)
Total district net position	\$ 2,009,990	\$ 2,321,073	\$ 2,164,237	\$ 2,113,288	\$ 2,304,000	\$ 2,504,437	\$ 2,974,474	\$ 2,081,985	\$ 2,447,832	\$ 2,724,055

Source: CAFR Schedule A-1

Stillwater Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,079,288	\$ 2,900,814	\$ 2,996,887	\$ 2,875,287	\$ 3,018,698	\$ 3,056,614	\$ 3,083,544	\$ 3,488,253	\$ 3,518,463	\$ 4,207,703
Special education	543,270	579,109	698,908	568,226	540,784	557,730	579,851	759,695	810,625	947,512
Other special education	200,837	173,520	240,024	207,110	222,157	217,106	188,902	168,203	161,170	202,689
School Sponsored			23,392	-	-					
Support Services:										
Tuition	13,431	957		97,434	57,606					
Student & instruction related services	725,005	715,600	678,038	747,938	784,025	754,085	750,617	889,495	907,722	1,000,265
General administrative services	388,435	285,611	330,206	589,588	568,651	555,793	540,672	668,027	610,182	696,598
School administrative services	201,034	191,349	205,989	190,509	188,068	173,408	176,183	176,132	193,100	187,949
Business administrative services	190,566	171,017	179,511	-	-					
Plant operations and maintenance	474,269	457,348	482,230	581,981	625,475	598,453	688,842	756,154	659,861	789,065
Pupil transportation	339,907	348,609	313,927	300,334	309,356	308,943	279,915	308,123	304,332	316,376
Charter School		8,480	41,737	-	-					
Interest Expense and fiscal charges							1,790	1,790	1,790	1,790
Capital Outlay			4,334	-	-					
Unallocated depreciation	95,112	197,862	69,961	58,334	62,089	54,704	63,314	75,245	87,552	75,857
Total governmental activities expenses	<u>6,251,154</u>	<u>6,030,276</u>	<u>6,265,144</u>	<u>6,216,741</u>	<u>6,376,909</u>	<u>6,276,836</u>	<u>6,353,630</u>	<u>7,291,117</u>	<u>7,254,797</u>	<u>8,425,804</u>
Business-type activities:										
Food service	139,546	137,346	146,649	139,349	149,489	136,107	130,175	129,335	128,499	111,357
Total business-type activities expense	<u>139,546</u>	<u>137,346</u>	<u>146,649</u>	<u>139,349</u>	<u>149,489</u>	<u>136,107</u>	<u>130,175</u>	<u>129,335</u>	<u>128,499</u>	<u>111,357</u>
Total district expenses	<u>\$ 6,390,700</u>	<u>\$ 6,167,622</u>	<u>\$ 6,411,793</u>	<u>\$ 6,356,090</u>	<u>\$ 6,526,398</u>	<u>\$ 6,412,943</u>	<u>\$ 6,483,805</u>	<u>\$ 7,420,452</u>	<u>\$ 7,383,296</u>	<u>\$ 8,537,161</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 86,923	\$ 85,748	\$ 43,214	\$ 58,309	\$ 106,199	\$ 152,769	\$ 191,115	\$ 238,396	\$ 176,302	\$ 152,631
Operating grants and contributions	378,281	918,141	999,591	2,388,085	2,643,259	2,565,233	2,601,587	3,372,852	3,366,281	4,247,491
Capital grants and contributions										
Total governmental activities program revenues	<u>465,204</u>	<u>1,003,889</u>	<u>1,042,805</u>	<u>2,446,394</u>	<u>2,749,458</u>	<u>2,718,002</u>	<u>2,792,702</u>	<u>3,611,248</u>	<u>3,542,583</u>	<u>4,400,122</u>
Business-type activities:										
Charges for services										
Food service	99,404	100,907	105,742	99,641	99,234	91,053	82,258	79,286	77,063	66,948
Operating grants and contributions	32,764	31,107	39,383	35,929	40,838	39,271	37,941	38,774	39,172	37,510
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>132,168</u>	<u>132,014</u>	<u>145,125</u>	<u>135,570</u>	<u>140,072</u>	<u>130,324</u>	<u>120,199</u>	<u>118,060</u>	<u>116,235</u>	<u>104,458</u>
Total district program revenues	<u>\$ 597,372</u>	<u>\$ 1,135,903</u>	<u>\$ 1,187,930</u>	<u>\$ 2,581,964</u>	<u>\$ 2,889,530</u>	<u>\$ 2,848,326</u>	<u>\$ 2,912,901</u>	<u>\$ 3,729,308</u>	<u>\$ 3,658,818</u>	<u>\$ 4,504,580</u>
Net (Expense)/Revenue										
Governmental activities	\$ (5,785,950)	\$ (5,026,387)	\$ (5,222,339)	\$ (3,770,347)	\$ (3,627,451)	\$ (3,558,834)	\$ (3,560,928)	\$ (3,679,869)	\$ (3,712,214)	\$ (4,025,682)
Business-type activities	(7,378)	(5,332)	(1,524)	(3,779)	(9,417)	(5,783)	(9,976)	(11,275)	(12,264)	(6,899)
Total district-wide net expense	<u>\$ (5,793,328)</u>	<u>\$ (5,031,719)</u>	<u>\$ (5,223,863)</u>	<u>\$ (3,774,126)</u>	<u>\$ (3,636,868)</u>	<u>\$ (3,564,617)</u>	<u>\$ (3,570,904)</u>	<u>\$ (3,691,144)</u>	<u>\$ (3,724,478)</u>	<u>\$ (4,032,581)</u>

Stillwater Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,368,572	\$ 3,600,087	\$ 3,653,568	\$ 3,749,704	\$ 3,824,698	\$ 3,901,191	\$ 3,978,825	\$ 4,017,816	\$ 4,043,035	\$ 4,113,212
Property taxes levied for debt service, net										
Federal and State Aid not restricted	2,466,765	1,621,973	1,383,512	-	-					
Investment earnings	21,343	15,580	2,582	4,279	2,850	3,274	3,494	4,076	3,882	4,486
Miscellaneous income	19,000	19,001	8,714	-	-	1,282	4,991	1,069	38,207	27,201
Federal and State Aid for Capital Assets Projects				16,661						
Disposal of Assets										
Transfers	(721)	(989)								
Total governmental activities	<u>5,874,959</u>	<u>5,255,652</u>	<u>5,048,376</u>	<u>3,770,644</u>	<u>3,827,548</u>	<u>3,905,747</u>	<u>3,987,310</u>	<u>4,022,961</u>	<u>4,085,124</u>	<u>4,144,899</u>
Business-type activities:										
Investment earnings	915	672	390	141	32	16	76	76	76	53
Miscellaneous income			18,261	(5,069)			3,383	4,451	5,125	3,927
Transfers	721	989								
Total business-type activities	<u>1,636</u>	<u>1,661</u>	<u>18,651</u>	<u>(4,928)</u>	<u>32</u>	<u>16</u>	<u>3,459</u>	<u>4,527</u>	<u>5,201</u>	<u>3,980</u>
Total district-wide	<u>\$ 5,876,595</u>	<u>\$ 5,257,313</u>	<u>\$ 5,067,027</u>	<u>\$ 3,765,716</u>	<u>\$ 3,827,580</u>	<u>\$ 3,905,763</u>	<u>\$ 3,990,769</u>	<u>\$ 4,027,488</u>	<u>\$ 4,090,325</u>	<u>\$ 4,148,879</u>
Change in Net Position										
Governmental activities	\$ 89,009	\$ 229,265	\$ (173,963)	\$ 297	\$ 200,097	\$ 346,913	\$ 426,382	\$ 343,092	\$ 372,910	\$ 119,217
Business-type activities	(5,742)	(3,671)	17,127	(8,707)	(9,385)	(5,767)	(6,517)	(6,748)	(7,063)	(2,919)
Total district	<u>\$ 83,267</u>	<u>\$ 225,594</u>	<u>\$ (156,836)</u>	<u>\$ (8,410)</u>	<u>\$ 190,712</u>	<u>\$ 341,146</u>	<u>\$ 419,865</u>	<u>\$ 336,344</u>	<u>\$ 365,847</u>	<u>\$ 116,298</u>

Source: CAFR Schedule A-2

**Stillwater Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved	\$ 381,564	\$ 841,079	\$ 706,179	\$ 690,269	\$ 915,276	\$ 1,110,387	\$ 1,458,282	\$ 1,449,857	\$ 1,631,222	\$ 1,882,705
Unreserved	150,522	48,775	45,649	75,722	63,907	76,440	70,864	70,827	69,799	69,588
Total general fund	<u>\$ 532,086</u>	<u>\$ 889,854</u>	<u>\$ 751,828</u>	<u>\$ 765,991</u>	<u>\$ 979,183</u>	<u>\$ 1,186,827</u>	<u>\$ 1,529,146</u>	<u>\$ 1,520,684</u>	<u>\$ 1,701,021</u>	<u>\$ 1,952,293</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 17,973	\$ 17,973	\$ 17,973	\$ 38,606	\$ 64,761	\$ 57,511	\$ -	-	-	-
Debt service fund										
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 17,973</u>	<u>\$ 17,973</u>	<u>\$ 17,973</u>	<u>\$ 38,606</u>	<u>\$ 64,761</u>	<u>57,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: CAFR Schedule B-1

**Stillwater Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Tax levy	\$ 3,368,572	\$ 3,600,087	\$ 3,653,568	\$ 3,749,704	\$ 3,824,698	\$ 3,901,191	\$ 3,978,825	\$ 4,017,816	\$ 4,043,035	\$ 4,113,212
Tuition charges	86,923	85,748	43,214	58,309	106,199	152,769	191,115	238,396	176,302	152,631
Interest earnings	21,344	15,580	2,582	1,201	761	834	910	858	815	889
Miscellaneous	19,000	19,001	8,714	3,078	2,089	3,722	7,575	4,287	41,274	30,798
State sources	2,697,014	2,376,826	1,934,433	2,252,699	2,398,842	2,447,609	2,370,199	2,468,499	2,544,211	2,638,854
Federal sources	148,032	163,288	448,670	152,047	244,417	117,624	231,388	155,074	152,051	147,105
Total revenue	6,340,885	6,260,530	6,091,181	6,217,038	6,577,006	6,623,749	6,780,012	6,884,930	6,957,688	7,083,489
Expenditures										
Instruction										
Regular Instruction	2,221,277	2,166,948	2,136,330	2,133,081	2,214,867	2,187,612	2,230,312	2,196,952	2,107,407	2,119,935
Special education instruction	367,105	413,726	545,686	426,817	401,820	403,448	423,512	485,195	512,851	529,948
Other special instruction	136,754	145,782	168,101	155,569	165,070	157,049	137,970	107,426	101,966	113,365
School Sponsored Other Instruction			16,655	-	-	-	-	-	-	-
Support Services:										
Tuition	13,431	957		97,434	57,606					
Student & instruction related services	501,695	530,222	552,704	561,806	582,556	545,486	548,236	568,094	574,280	559,453
General administrative services	292,721	253,407	280,167	289,161	263,828	246,363	225,686	265,916	198,320	229,497
School Administrative services	138,644	143,476	148,322	143,099	139,741	125,439	128,681	112,490	122,167	105,121
Business administrative services	136,508	139,200	151,265	151,630	156,493	153,741	166,961	158,061	184,609	157,420
Plant operations and maintenance	393,770	391,911	437,352	436,158	463,694	431,977	502,041	481,655	415,981	440,039
Pupil transportation	339,907	348,609	313,927	300,334	309,356	308,943	279,915	308,123	304,332	316,376
Unallocated employee benefits	1,655,761	1,266,077	1,396,215	1,415,272	1,552,530	1,665,385	1,577,988	1,683,299	1,759,535	1,914,009
Special Revenue										
Charter Schools		8,480	41,737	-	-	58,542	51,723	58,780	131,547	79,866
Capital outlay	85,390	82,978	40,746	71,881	30,098	139,370	222,179	467,401	364,356	267,188
Debt service										
Total expenditures	6,282,963	5,891,773	6,229,207	6,182,242	6,337,659	6,423,355	6,495,204	6,893,392	6,777,351	6,832,217
Excess (Deficiency) of revenues over (under) expenditures	57,922	368,757	(138,026)	34,796	239,347	200,394	284,808	(8,462)	180,337	251,272
Other Financing Sources (uses)										
Transfers in							8,409			
Transfers out	(721)	(989)					(8,409)	-	-	-
Total other financing sources (uses)	(721)	(989)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 57,201	\$ 367,768	\$ (138,026)	\$ 34,796	\$ 239,347	\$ 200,394	\$ 284,808	\$ (8,462)	\$ 180,337	\$ 251,272
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

STILLWATER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year Ended June 30.</u>	<u>Interest on Investments</u>	<u>Refund Prior Year Expenditures</u>	<u>Interest on Cap.Reserve Funds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 21,344		-	\$ 86,923	\$ 19,000	\$ 127,267
2009	12,407		\$ 3,173	85,748	19,001	120,329
2010	8,714		2,582	43,214	-	54,510
2011	3,078		1,201	58,309	-	62,588
2012	2,850			106,199	-	109,049
2013	2,440		834	152,769	1,282	157,325
2014	3,494		910	191,115	4,081	199,600
2015	3,218		858	238,396	175	242,647
2016	3,067	\$ 11,803	815	176,302	24,698	216,685
2017	4,486	6		152,631	1,285	158,408

SOURCE: District Records

**Stillwater Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Year Ended December 31</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>farmland value</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2008	\$5,767,600	\$205,545,300	\$27,957,800		\$8,930,700	\$408,900	-	\$277,201,191	\$28,250,200	\$340,691	\$248,950,991	\$1.451	\$580,601,044
2009	5,341,900	208,201,800	26,891,100		8,930,700	408,900	-	279,008,993	28,948,500	286,093	250,060,493	1.482	578,308,032
2010	5,141,800	208,384,800	26,927,900		8,719,200	408,900	-	279,561,913	29,797,000	182,313	249,764,913	1.515	578,551,595
2011	4,844,700	208,917,300	27,198,200		8,339,200	326,400	-	280,145,236	30,307,200	212,236	249,838,036	1.549	554,436,528
2012	4,785,900	207,881,600	27,927,700		8,239,200	326,400	-	279,734,329	30,335,300	238,229	249,399,029	1.582	527,808,416
2013	4,745,100	207,670,500	27,937,400		8,179,500	326,400	-	279,879,482	30,748,500	272,082	249,130,982	1.549	470,419,448
2014	4,745,100	207,670,500	27,937,400		8,179,500	326,400	-	279,879,482	30,748,500	272,082	249,130,982	0.986	470,419,448
2015	7,172,100	341,912,400	40,640,000	\$1,590,100	13,500,600	324,700	-	473,141,306	67,463,000	538,406	405,678,306	0.996	435,487,945
2016	7,159,800	341,998,200	39,525,100	1,582,200	13,344,300	324,700	-	472,751,756	68,244,200	573,256	404,507,556	1.007	447,554,460
2017	7,421,600	343,742,100	37,572,500	1,573,300	13,730,500	324,700	-	473,008,404	68,033,200	610,504	404,975,204	1.007	437,771,416

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies:

b Tax rates are per \$100

**Stillwater Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Year Ended December 31	Stillwater Township Board of Education		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Total Direct	Regional High School District	Stillwater Township	Sussex County	
2008	\$1.339	\$1.339	\$1.245	\$0.784	\$0.898	\$4.266
2009	\$1.451	\$1.451	\$1.251	\$0.806	\$0.911	\$4.419
2010	\$1.482	\$1.482	\$1.294	\$0.831	\$0.936	\$4.543
2011	\$1.515	\$1.515	\$1.294	\$0.848	\$1.004	\$4.661
2012	\$1.549	\$1.549	\$1.371	\$0.863	\$0.984	\$4.767
2013	\$1.582	\$1.582	\$1.374	\$0.866	\$0.934	\$4.756
2014	\$1.549	\$1.549	\$1.371	\$0.863	\$0.984	\$4.767
2015	\$0.986	\$0.986	\$0.856	\$0.514	\$0.560	\$2.916
2016	\$0.996	\$0.996	\$0.873	\$0.495	\$0.572	\$2.936
2017	\$1.007	\$1.007	\$0.850	\$0.500	\$0.597	\$2.954

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.0 percent, whichever is greater, plus any spending growth adjustments.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

**Stillwater Township School District
Principal Property Tax Payers
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Mountain Shadows Lake Assoc.	\$ 2,041,500	1	0.50%	\$ 1,105,400	1	0.46%
Mission of TAO - Confucianism				873,800	2	0.36%
US Bank National Assoc	1,578,000	2	0.39%			
North Shore House	1,297,500	3	0.32%	605,300	4	0.25%
Individual Taxpayer #1	1,278,900	4	0.32%	814,900	3	0.34%
Individual Taxpayer #2	1,203,100	5	0.30%	570,300	5	0.24%
Individual Taxpayer #3	1,082,000	6	0.27%	570,100	6	0.24%
Greenwood Pt Cottages	1,000,000	7	0.25%	541,500	7	0.23%
Individual Taxpayer #4	906,700	8	0.22%	518,900	8	0.22%
Individual Taxpayer #5	879,800	9	0.22%	463,400	9	0.19%
Individual Taxpayer #6	862,400	10	0.21%	445,500	10	0.19%
Total	\$ 12,129,900		3.00%	\$ 6,509,100		2.72%

Source: District CAFR & Municipal Tax Assessor

**Stillwater Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$3,368,572	\$3,368,572	100.00%	-
2009	\$3,600,087	\$3,600,087	100.00%	-
2010	\$3,653,568	\$3,653,568	100.00%	-
2011	\$3,749,704	\$3,749,704	100.00%	-
2012	\$3,824,698	\$3,824,698	100.00%	-
2013	\$3,901,191	\$3,901,191	100.00%	-
2014	\$3,978,825	\$3,978,825	100.00%	-
2015	\$4,017,816	\$4,017,816	100.00%	-
2016	\$4,043,035	\$4,043,035	100.00%	-
2017	\$4,113,212	\$4,113,212	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Stillwater Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2008	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2009	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2010	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2011	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2015	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2016	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2017	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Stillwater Township School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-
2013	-0-	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-	-0-
2015	-0-	-0-	-0-	-0-	-0-
2016	-0-	-0-	-0-	-0-	-0-
2017	-0-	-0-	-0-	-0-	-0-

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**Stillwater Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2017**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Stillwater Township	\$ 1,879,068	100.000%	\$ 1,879,068
Other debt			
Kittatinny Regional School District	1,050,000	25.337%	266,039
Sussex County	111,347,324	2.60%	<u>2,891,969</u>
Subtotal, overlapping debt			5,037,076
Stillwater Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 5,037,076</u></u>

Sources: Stillwater Township Finance Officer, Sussex County Finance Office and Utility Authorities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Stillwater Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2014 \$ 447,520,049
	2015 \$ 435,884,644
	2016 \$ 452,866,726
	<u>[A] \$ 1,336,271,419</u>
Average equalized valuation of taxable property	[A/3] \$ 445,423,806
Debt limit (2.5 % of average equalization value)	[B] 11,135,595
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 11,135,595</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$13,369,343	\$14,264,857	\$14,556,723	\$14,370,366	\$14,370,366	\$12,919,313	\$12,161,125	\$11,494,400	\$11,212,103	\$11,135,595
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$13,369,343</u>	<u>\$14,264,857</u>	<u>\$14,556,723</u>	<u>\$14,370,366</u>	<u>\$14,370,366</u>	<u>\$12,919,313</u>	<u>\$12,161,125</u>	<u>\$11,494,400</u>	<u>\$11,212,103</u>	<u>\$11,135,595</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

**Stillwater Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2008	4,334	\$205,500,944	\$47,416 R	1.6%
2009	4,326	\$199,086,846	\$46,021 R	2.1%
2010	4,312	\$201,193,608	\$46,659 R	3.5%
2011	4,096	\$198,537,216	\$48,471 R	3.7%
2013	4,064	\$203,886,816	\$50,169 R	3.6%
2012	4,029	\$203,601,486	\$50,534 R	3.6%
2014	3,990	\$210,875,490	\$52,851 R	5.8%
2015	3,961	\$209,342,811	\$55,497 R	4.9%
2016	3,922	\$207,281,622	\$55,497 *	4.6%
2017	3,947	\$219,046,659	\$55,497 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Per Capita information provided by U.S. Dept of Commerce.

^c Per Capita information provided by U.S. Dept of Commerce.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R Revised

P Projected

* Current data unavailable

**Stillwater Township School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

Employer	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
			N/A	N/A	N/A	N/A
Stocker Bus	70	1	0.00%			0.00%
Stillwater Township School	65	2	0.00%			0.00%
Fairview Lake YMCA Camp	47	3	0.00%			0.00%
Stillwater Township Municipal Employees	41	4	0.00%			0.00%
Lou Hoover YMCA Camp	18	5	0.00%			0.00%
Swartzwood State Park	13	6	0.00%			0.00%
C&V Paving	8	7	0.00%			0.00%
Roy Biscoff Mason Supply	5	8	0.00%			0.00%
Lakeland Bank	5	9	0.00%			0.00%
Stillwater General Store	3	10	0.00%			0.00%
	<u>275</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

Source: N/A=No reliable data available

**Stillwater Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	37.0	37.0	38.0	37.0	27.6	31.6	31.6	29.6	28.0	27.4
Special education	5.0	5.0	7.0	7.0	8.0	6.0	6.0	8.0	8.0	7.5
Other special education	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	-	-
Support Services:										
Student and Instruction Related Services	3.0	2.0	2.0	2.0	8.8	8.0	7.5	9.4	11.2	9.1
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.6	2.0
School administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.2	2.2	2.0
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.0	2.1	1.8
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.6	3.6
Transportation	-	-	-	-	-	-	-	0	0.2	0.2
Total	<u>57.0</u>	<u>56.0</u>	<u>59.0</u>	<u>58.0</u>	<u>55.9</u>	<u>57.1</u>	<u>57.3</u>	<u>58.9</u>	<u>56.9</u>	<u>53.6</u>

Source: District Personnel Records

**Stillwater Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio</u>		<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>					
2008	416	6,049,540	14,542	-1.77%	46	1:8.8		402.3	382.9	0.12%	95.2%
2009	398	5,674,027	14,256	-1.97%	45	1:8.8		406.9	386.8	1.14%	95.1%
2010	401	6,188,461	15,433	8.25%	45	1:8.8		398.6	377.9	-2.04%	94.8%
2011	381	6,110,361	16,038	3.92%	45	1:8.5		377.8	359.4	-5.22%	95.1%
2012	370	6,307,561	17,047	6.30%	40	1:9.2		365.0	348.0	-3.39%	95.3%
2013	356	6,283,985	17,652	3.54%	40	1:8.9		354.8	335.6	-2.79%	94.6%
2014	340	6,273,025	18,450	4.52%	40	1:8.5		343.0	325.9	-3.33%	95.0%
2015	350	6,425,991	18,360	-0.49%	40	1:8.8		349.9	331.3	2.01%	94.7%
2016	323	6,412,995	19,854	8.14%	39	1:8.3		318.4	301.6	-9.00%	94.7%
2017	289	6,565,029	22,716	14.41%	38	1:7.6		289.1	273.9	-9.20%	94.7%

Sources: District records, ASSA and Schedule J-4

Note: Enrollment based on annual June 30 district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Stillwater Township School District
 School Building Information
 Last Ten Fiscal Years**

Exhibit J-18

<u>District Building</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Stillwater Township Elementary School - K-6</u>										
Square Feet	48,470	48,470	48,470	48,470	48,470	48,470	48,470	48,470	48,470	48,470
Capacity (students)	434	434	434	434	434	434	434	434	434	434
Enrollment	416	398	401	381	370	356	340	350	323	289

Number of Schools at June 30, 2017
 Elementary = 1

Source: District records, ASSA

Note: Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

STILLWATER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2017

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

<u>School Facilities</u>	<u>Project #</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
Elementary School	N/A	\$ 87,895	\$ 113,491	\$ 117,863	\$ 88,681	\$ 114,812	\$ 98,604	\$ 92,176	\$ 116,396	\$ 119,995	\$ 94,442	\$ 1,044,355
Total School Facilities		87,895	113,491	117,863	88,681	114,812	98,604	92,176	116,396	119,995	94,442	1,044,355
Other Facilities												
Grand Total		\$ 87,895	\$ 113,491	\$ 117,863	\$ 88,681	\$ 114,812	\$ 98,604	\$ 92,176	\$ 116,396	\$ 119,995	\$ 94,442	\$ 1,044,355

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit J-20

INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY-NJSIG		
Building & Personal Property	\$ 15,120,951	\$ 5,000
General Liability:	11,000,000	
Automobile Liability Coverage	11,000,000	
Environmental Impairment Liability	1,000,000	25,000
Underground Storage Tanks	1,000,000	10,000
Faithful Performance & Computer Fraud	1,000,000	1,000
Money & Securities	100,000	1,000
Boiler & Machinery	100,000,000	5,000
School Board Legal (SLPL) NJSIG	6,000,000	Coverage A \$5,000
	\$100,000/300/000	Coverage B same
Workers' Compensation NJSIG	Statutory	
Employer's Liability	2,000,000	
Supplemental Indemnity	Statutory	
Bond for School Business Administrator	200,000	
Bond for Treasurer of School Monies	200,000	
Student Accident- Bollinger	All students and athletes	\$5,000,000 Full excess

SOURCE: District Records

Single Audit Section



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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Stillwater Township School District
 County of Sussex
 Newton, New Jersey 07860

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Stillwater Township School District Board of Education in the County of Sussex, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Stillwater Township School District Board of Education's basic financial statements, and have issued our report thereon dated September 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

-Continued-

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards*** or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP

September 30, 2017

Cynthia Corder

Licensed Public School Accountant No.2369



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 Douglas R. Williams, CPA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circulars 15-08

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Stillwater Township School District
 County of Sussex
 Newton, New Jersey 07860

Report on Compliance for Each Major State Program

We have audited the Stillwater Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2017. The Stillwater Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the Stillwater Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Stillwater Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stillwater Township School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB circulars 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

Ardito & Co., LLP

ARDITO & CO., LLP
September 30, 2017

Cynthia Corder

Licensed Public School Accountant No.2369

STILLWATER TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2016	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2017			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education															
General Fund:															
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 1,031,570			\$ 1,031,570	\$ (1,031,570)								*
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	151,123			151,123	(151,123)								*
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	198,760			198,760	(198,760)								*
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	32,939			32,939	(32,939)								*
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	384,085			384,085	(384,085)								*
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	2,950			2,950	(2,950)								*
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	2,950			2,950	(2,950)								*
Prof Learning Comm Aid	17-495-034-5120-101	7/1/16-6/30/17	2,890			2,890	(2,890)								*
Non-Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17	133				(133)			\$ (133)					*
On Behalf TPAF Pension	17-495-034-5094-002	7/1/16-6/30/17	339,968			339,968	(339,968)								*
On Behalf TPAF Pension PMR	17-495-034-5094-001	7/1/16-6/30/17	283,270			283,270	(283,270)								*
On Behalf TPAF Pension LTD Ins	17-495-034-5094-004	7/1/16-6/30/17	536			536	(536)								*
Reimbursed TPAF Soc.Secur.Contrib.	17-495-034-5094-003	7/1/16-6/30/17	208,024			197,869	(208,024)				(10,155)				*
Total General Fund				-		2,628,910	(2,639,198)				(10,288)				*
State Department of Agriculture:															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	16-100-010-3350-023	7/1/15-6/30/16		(65)		65									*
Nat.School Lunch Prog.(State Share)	17-100-010-3350-023	7/1/16-6/30/17	1,050			983	(1,050)				\$ (67)				*
Total Enterprise Fund				(65)		1,048	(1,050)				(67)				*
Total State Financial Assistance				\$ (65)		\$ 2,629,958	\$ (2,640,248)				\$ (10,355)				*

Less: On-behalf TPAF Pension Amounts 623,774

Total State Expenditures Subject to Major Program Determination \$ (2,016,474)

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Stillwater Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$344) for the general fund and (\$5,225) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
 JUNE 30, 2017

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 2,638,854	\$ 2,638,854
Special Revenue Fund	\$ 147,105	-	147,105
Food Service Fund	<u>36,460</u>	<u>1,050</u>	<u>37,510</u>
Total Financial Assistance	<u>\$ 183,565</u>	<u>\$ 2,639,904</u>	<u>\$ 2,823,469</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes __x__ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes __x__ None

Reported

Noncompliance material to financial statements noted? ___ Yes __x__ No

Federal Awards

N/A

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? ___ yes ___ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II-Financial Statement Findings

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATUS OF PRIOR YEAR FINDINGS

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year findings.